



Meeting of the Corporate and Strategic Committee

Date: Wednesday 3 March 2021
Time: 1.30pm
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

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1.	Welcome/Karakia /Notices/Apologies	
2.	Conflict of Interest Declarations	
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**HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE**

Wednesday 03 March 2021

**Subject: FOLLOW-UPS FROM PREVIOUS CORPORATE & STRATEGIC
COMMITTEE MEETINGS**

Item 4

Reason for Report

1. On the list attached are items raised at previous Corporate & Strategic Committee meetings that staff have followed up on. All items indicate who is responsible for follow up, and a brief status comment. Once the items have been reported to the Committee they will be removed from the list.

Decision Making Process

2. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision making provisions do not apply.

Recommendation

That the Corporate and Strategic Committee receives and notes the "*Follow-up Items from Previous Meetings*".

Authored by:

**Leeanne Hooper
TEAM LEADER GOVERNANCE**

Approved by:

**James Palmer
CHIEF EXECUTIVE**

Attachment/s

- [↓](#) 1 Follow-ups from Previous Corporate and Strategic Committee Meetings

Follow-ups from Previous Corporate and Strategic Committee Meetings

Meeting held 2 December 2020

	Agenda Item	Follow-up / Request	Responsible	Status Comment
1	2019-20 Compliance Annual Report	Focused quarterly reporting on Enforcement/ Prosecutions to be resumed	K Brunton	To be actioned to enable reporting to May Corporate & Strategic Committee meeting. Content will be subject to issues of confidentiality during and throughout enforcement processes. Reports will also include completed enforcement action.
2	2019-20 Compliance Annual Report	Request for workshop with councillors about decisions made under the Enforcement Policy, within statutory boundaries, in order to assess the policy's effectiveness and understand Council officers' decision making considerations	K Brunton /J Palmer	Still to be scheduled – likely July/August 2021, once new Compliance Manager is on deck.
3	2019-20 Compliance Annual Report	Municipal 3 waters compliance to be separated into its own section of the Compliance report.	K Brunton /J Blunden	Yes, the 2020-21 Annual Compliance Report will reflect this change.
4	2019-20 Compliance Annual Report	A visit to CHB is proposed for the new year, for councillors to engage with CHBDC councillors on their Long Term Plan and their 3 waters upgrade programme	K Brunton /J Palmer	Not yet actioned. To be confirmed post LTP adoption.

Meeting held 2 September 2020

	Agenda Item	Follow-up / Request	Responsible	Status Comment
	Follow-ups	Query arose as to when Councillors' health and safety refresher session will be scheduled	K McInnes/ J Palmer	Refresher H&S session for councillors is scheduled 28 April following the Council meeting.

**HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE**

Wednesday 03 March 2021

Subject: CALL FOR MINOR ITEMS NOT ON THE AGENDA

Item 5

Reason for Report

1. This item provides the means for committee members to raise minor matters they wish to bring to the attention of the meeting.
2. Hawke's Bay Regional Council standing order 9.13 states:
 - 2.1. "A meeting may discuss an item that is not on the agenda only if it is a minor matter relating to the general business of the meeting and the Chairperson explains at the beginning of the public part of the meeting that the item will be discussed. However, the meeting may not make a resolution, decision or recommendation about the item, except to refer it to a subsequent meeting for further discussion."

Recommendations

3. That the Corporate and Strategic Committee accepts the following "Minor Items Not on the Agenda" for discussion as Item 10.

Topic	Raised by

**Leeanne Hooper
TEAM LEADER GOVERNANCE**

**James Palmer
CHIEF EXECUTIVE**

HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 03 March 2021

Item 6

Subject: RECOVERY FUND PROJECTS

Reason for Report

1. This item seeks the Corporate & Strategic Committee's recommendation to Council to commit \$400,000, of the remaining \$700,000 Recovery Fund, established through the 2020-21 Annual Plan towards two projects; a Jobs for Nature Private Land Biodiversity Fund application and the development of a constructed wetland in the Tukipo catchment.

Officers' Recommendation(s)

2. Council officers recommend that the Committee supports the funding of \$400,000 and puts forward a recommendation to the 24 March 2021 Regional Council meeting for confirmation.

Executive Summary

3. This item seeks funding for two projects:
 - 3.1 An application to the Department of Conservation Jobs for Nature Private Land Fund (PLBF) to protect 15 Ecosystem Prioritisation sites. The total application value is \$1,957,309 of which Council is requesting \$1m from the PLBF (maximum request allowable). The balance comprises of \$611,080 HBRC and \$346,229 private land occupier/QEII contribution. Contributions towards the project include external costs and in-kind time. For this application to be successful, \$300k is required from the HBRC Recovery fund to leverage funding from the PLBF.
 - 3.2 Council is working in partnership with NIWA, Fonterra and the Tukipo Catchment Care Group on a research and development project to build a 1.6ha constructed wetland. This project will be included in a national monitoring program by NIWA to show the effectiveness of constructed wetlands to reduce DIN levels on a catchment scale. To date the project has been exclusively funded by Fonterra (\$250k). Due to the impacts of COVID-19 lockdown estimated construction costs now exceed the available budget to complete the project within timeframe required for NIWA. To take the greatest advantage of this collaborative opportunity we are requesting \$100k from Councils Recovery Fund to complete delivery of this project.
4. The \$1million Recovery Fund is part of the HBRC Climate. Smart. Recovery. Programme to ensure our recovery from the COVID-19 crisis is sustainable and our environment enhanced.
5. Both projects will fund operational activity that has intergenerational benefit and as such can appropriately be funded by borrowing.

Background: Recovery Fund

6. In July 2020, Council resolved to proceed with its proposal through the 2020-21 Annual Plan to establish a \$1m Recovery Fund.
7. The purpose of the Recovery Fund is to enable Council to act quickly and with some flexibility to leverage potential government co-funding into planned Council related capital projects that promote employment, encourage economic activity and accelerate positive environmental change and therefore support the Hawke's Bay economy back to its fastest recovery.

8. The \$1m for this fund was reallocated from a budget tagged for additional office space and updated facilities for field staff. New opportunities arising from COVID-19 have enabled the Council to revisit needs for additional office space and delay the timing for this project.
9. A draft Recovery Fund Policy was presented to Council at the time the Annual Plan was adopted to give confidence to submitters to the Annual Plan and ratepayers that there is rigour around the spending of the funding. The Policy is a non-statutory policy that sets out the decision-making process, including criteria that will be used to assess proposals.
10. On 15 September 2020, Regional Council committed \$700k of the Recovery Fund to two Freshwater Improvement Fund applications: Ahuriri Catchment project (\$400k) and Porangahau Catchment Group (\$300k). The Porangahau Catchment Group project was successful, but our Ahuriri Catchment project was not.
11. Currently we have \$700k remaining within the Recovery Fund.
12. This paper requests \$400k of the Recovery Fund, (i.e. \$300,000 Jobs for Nature Private Land Biodiversity Fund application and \$100,000 Tukipo constructed wetland) to be considered for projects that are a good fit with the funds objectives and score highly when assessed against the Climate. Smart. Recovery criteria in the draft Policy.
13. At this stage no other projects have been identified and scored against the Climate. Smart. Recovery criteria, but staff have earmarked the remaining \$300k to support the Mahia and Ruakituri catchment Freshwater Improvement Fund proposals that were recently presented to the EICC (subject to successful applications to the next round of the Freshwater Improvement Fund and final council approval).
14. As noted in the draft Policy, staff recommend these projects to Council for consideration.

Project one: Jobs for Nature Private Land Fund (PLBF) application (\$300k)

15. On 14 January 2021, a Jobs for Nature Private Land Biodiversity Fund round was announced as part of the \$1.3 billion Jobs for Nature programme. It is a one-off fund of \$18 million, available for biodiversity restoration work on private land to create nature-based employment. Grants range from \$300,000 to \$1 million (in total), for organisations with projects working with private landowners that create temporary employment for up to three years.
16. Hawke's Bay Regional Council are well placed to leverage from this fund through accelerating its Ecosystem Prioritisation (EP) programme whilst creating employment opportunities. The EP programme builds on the Zonation process undertaken by the Council, which is a tool (software) that prioritised ecosystem or habitat sites based on their representation, connectivity, and condition. Resources are stretched for biodiversity protection in Hawke's Bay; therefore, this framework plays an integral part in prioritising sites for protection. These sites/segments represent a full range of ecosystem types that are present in the region.
17. Unfortunately, all remaining terrestrial ecosystems in lowland Hawke's Bay are either acutely or chronically threatened. Of this, most are small in size and sit on private land. The sites proposed for protection in the PLBF application have been assessed by a Biodiversity Advisor and confirmed as high biodiversity value, generally being diverse old growth remnants. The sites were also assessed for condition, including threats e.g. pest plants and animals, to make sure biodiversity outcomes are achievable.
18. If successful, this application will result in an additional 15 Ecosystem Prioritisation sites (433ha) being deer fenced (42km fencing) and receiving pest plant and animal control (\$264k). This will fast-track the EP programme by approximately six years.
19. It is expected this application will create work for approximately 18 people over three years, primarily in pest management and fencing.
20. Other Jobs for Nature funds, such as the Freshwater Improvement Fund (FIF), require a 50/50 co-funding arrangement. Although the PLBF fund does not require this, it is likely applications with an approximate 50/50 co-funding arrangement will be marked favourably due to creating more jobs.

21. The Council have worked closely with QEII and private land occupiers to reach a 50% funding contribution of \$957K to match the maximum grant available through the PLBF (\$1m). A contribution of \$300k to this application from the Recovery Fund is required to meet this approximate 50/50 co-funding arrangement.

Proposed funding by year

Financial Years	Existing HBRC Budgets		Landowner/Q EII contribution	Request from Recovery Fund	PLBF match funding
	Staff time (In-kind)	External Costs			
Year 1 - FY21/22	\$61,360	\$17,500	\$117,501	\$100,000	\$325,000
Year 2 - FY 22/23	\$61,360	\$53,500	\$50,088	\$100,000	\$300,000
Year 3 - FY 23/24	\$61,360	\$56,000	\$178,640	\$100,000	\$375,000
TOTAL	\$184,080	\$127,000	\$346,229	\$300,000	\$1,000,000

TOTAL PROJECT \$1,957,309

Strategic Fit: Assessment Criteria

22. This project has been assessed to determine their fit with the draft criteria from the HBRC Recovery Fund.

	Score	Reasoning
Climate action	4	Protecting Ecosystem Prioritisation sites will increase their carbon absorption and ensure they continue storing carbon in perpetuity. Indigenous ecosystems are living carbon sinks and sequesters, thus protecting them means continued carbon sequestration, and retaining carbon and nitrogen (gas) which would otherwise be released to atmosphere. A group of scientist recently called for urgent solutions to global climate change, identifying the protection of existing forest as the number 1 priority (Di Dacco et al 2020). Old-growth forest not only continues to sequester the carbon but are 2.5 times more effective than exotic species at storing carbon in the soil. Old-growth and existing forest also has substantial advantage over new-plantings as new plantings will take over 100 years to provide the same functions as the old-growth forest. Ultimately, they will provide habitat for wildlife and assist in climate action whilst allowing farmers to continue farming the sustainable areas of their farms.
Strategic Alignment	5	The recovery fund portion of this project will protect and enhance healthy functioning and climate resilient biodiversity, contribute to achieving water quality and ecosystem health of waterbodies, and climate-smart sustainable land use outcomes.
Core Competencies	5	HBRC is already delivering the Ecosystem Prioritisation program and is only limited by funding. It is a core competency of the council.
Ease of implementation	5	This project will use the current structure in place to deliver the EP programme, in partnership with QEII. Year one and two projects are already lined up ready to go. The Ecosystem Prioritisation team have delivered similar sized projects in the past.
Leverage	4	This funding, alongside existing HBRC funds and contributions from private land occupiers and QEII will be used as leverage for an approximate 50:50 funding from the Jobs for Nature Private Land Biodiversity Fund. HBRC's contribution is approximately 30% of total project costs.

	Score	Reasoning
Impact	4	The HBRC Ecosystem Prioritisation Programme focusses on protecting HB's acutely and chronically threatened ecosystems. With current budgets, it will take an approximate 150-year timeframe to secure these sites which is poor and will not meet the Strategic Plan objective of completing this by 2050. The current programme is oversubscribed. This change proposal will accelerate the Ecosystem Prioritisation programme by approximately six years. This will have significant regional Biodiversity gains through securing approximately 15 threatened ecosystems. It will create fencing work immediately and will create pest plant and animal work into the future. Without this funding it is highly likely nine of these sites will not be protected from biodiversity threats within the next six years.
Recovery	3	Local growth and investment will be supported by the EP site projects directly related to this.

Project two: Tukipo Constructed Wetland (\$100k)

23. Ambitious nitrogen targets have been set in the Tukituki Plan, and in some cases require instream DIN levels to be more than halved.
24. Ongoing research has proven the effectiveness of constructed wetlands and confirms that a strategic network of constructed wetlands, in combination with on farm improvements around nutrient management, may help achieve the ambitious nitrogen reduction targets.
25. Fonterra included the Tukipo catchment to be part of their Sustainable Catchments programme, due in large part to proactive work being led by the Tukipo Catchment Care Group (TCCG). The Tukipo subcatchment is currently sitting at 2.32 mg/l, which is almost 3 times over the 0.8 mg/l DIN target and means a 66% reduction in instream DIN levels are required.
26. When Fonterra provided HBRC and the TCCG funding to undertake a scoping exercise to identify willing landowners who had suitable sites to build a constructed wetland to achieve DIN reduction on a catchment scale (\$30k). A further \$226k was then provided to design and construct a wetland on the most promising site.
27. Over this same time period, NIWA obtained funding from MPI's Sustainable Land Management and Climate Change: Freshwater Mitigation Fund to comprehensively monitor 5 constructed wetlands to collect high quality data to refine our understanding on wetland performance and help improve the wetland modules available in Overseer. The two projects aligned and so NIWA designed the Tukipo wetland so that it could be used in their national project.
28. NIWA will be committing their expertise and the equipment required to continuously monitor flow, nitrate, turbidity and floods, alongside covering the laboratory costs for monthly monitoring at the wetland inflow and outflow.
29. The Council Tukituki implementation team think that constructed wetlands may form a key part of the strategic Tukituki response, and are very supportive of the constructed wetland initiative. It is hoped that the outcomes from this project will provide a model that is transferable to other properties in Hawke's Bay.
30. The Hawke's Bay region has a paucity of functioning wetlands and the establishment of any new wetland, including man made systems, will be of significant value to the region for both biodiversity and water quality outcomes.
31. Following completion of the scoping exercise a preferred location was selected that had full support from the landowner to construct a 1.6ha wetland that will capture and treat water from a 180ha catchment.
32. To fit in with project timelines and due to COVID-19 lockdown preventing site visits, the wetland design work had to be completed remotely and was based off LiDAR (remote sensing using pulse lasers to measure elevation) which gave the most accurate data set available at the time.

33. Prior to construction the design was double checked with a surveyor building a 3D model for machinery to run off. However, this process revealed that the LiDAR data underestimated the volume of earth that needs to be moved, and so the costs of construction are expected to exceed budget.
34. The initial estimated pricing for earthworks, based off the LiDAR design, was \$100k, this has now been raised to \$180k, which has used the remaining budget set aside for planting and initial maintenance of the wetland.
35. A decision was made to proceed with the construction as to meet project timeframes. This means the wetland will be constructed, but the site will not be planted with the correct wetland plants needed to ensure a highly functioning constructed wetland in time to be part of the NIWA monitoring project until additional funding becomes available in the future.
36. Currently the constructed wetland project has been exclusively funded by Fonterra (\$250k), with Council only committing a small amount of staff time.
37. If \$100k, for this financial year, could be committed from Councils \$1m Recovery Fund, it would allow for the complete delivery of this project to meet the timeframes for inclusion into the NIWA national monitoring programme.
38. Councils investment would provide an opportunity to further collaborate with national organisations to lead and deliver an exciting research and development project. The results of which could provide a model that would add significant value to how we target nitrogen reduction throughout the region and provide a more holistic understanding of the water quality benefits derived from wetlands.

Strategic Fit: Assessment Criteria

39. This project has been assessed to determine their fit with the draft criteria from the Council's Recovery Fund.

	Score	Reasoning
Climate action	4	This project aims to develop a model for constructed wetlands that will protect and improve our rivers from the challenges posed by climate change while allowing the farmers to continue farming the sustainably.
Strategic Alignment	5	This project aligns with our strategic outcomes. It is targeting DIN reduction on a catchment scale to improve water quality and river health. While the planting will promote biodiversity outcomes.
Core Competencies	5	HBRC is already collaborating on this project, while the outcomes will provide increased knowledge and skill to multiple teams including the catchment management, water quality and Tukituki implementation teams.
Ease of implementation	5	This project is already underway with full landowner support and resource consent obtained. The recovery funding portion is an extension of this and will help facilitate the complete delivery of this project within the timeframe to be included in the NIWA national monitoring program.
Leverage	3	This funding will not be used to leverage additional external funding. However, we have already been successful in leveraging \$250k from Fonterra to deliver the project with NIWA also committing significant resources for the ongoing monitoring.
Impact	4	The project can have a significant impact across several fronts in particular water quality, by providing landowners another tool to help address high nitrogen levels on a catchment scale.
Recovery	3	Local growth and investment will be supported by future projects directly related to the outcomes of this project.

Project Funding

40. The proposed PLBF application is an expansion of the current council Ecosystem Prioritisation programme, leveraging off established processes, existing budgets, and staff resources. This programme is funded by general rates.
41. The Tukipo Constructed Wetland project has been exclusively funded by Fonterra with Council only committing a small amount of staff time.
42. The Recovery Fund established as part of the 20/21 Annual Plan is to be funded via a 10-year external loan. A total of \$400k is requested from this fund, to be used towards the PLBF application and the Tukipo constructed wetland, as outlined in this paper.
43. As the PLBF application is a multi-year project, the contribution requested from the Recovery Fund would not all be required in 20/21. If the request for funding from the Recovery Fund is approved and we are successful in obtaining the PLBF funding, there would be a requirement to phase the loan drawdown over three years.
44. The two projects requesting contribution from the Recovery Fund are not building Council owned assets, but they are creating community assets that will benefit future generations. As such, the use of the Recovery Fund loan funding is in alignment with the intergenerational equity principle.
45. If a contribution from the Recovery Fund is approved for both projects, a budget would need to be added to these projects for the loan financing costs. This would not be an increase above existing funding, but rather a re-allocation from the original building project, which the Recovery Fund was created from.
46. Council should note that the PLBF fund is a contestable process and as an applicant we have no greater chance of successfully obtaining funding than any other applicant. If unsuccessful, the funds in the Recovery Fund would then be potentially available to fund other projects as they are identified. The funding would be treated as 'committed' until such time as we are notified either way about our application, by approximately mid-March.

Projects (across 4 Financial years)	HBRC Existing Budgets		Landowner/ QEII contribution	Request from Recovery Fund (HBRC)	PLBF application (funding match from MfE)	Total Project \$
	Staff Time (In-kind)	External costs				
PLBF	\$184,080	\$127,000	\$346,229	\$300,000	\$1,000,000	\$1,957,309
Tukipo constructed wetland	\$0	\$0	\$0	\$100,000	\$0	\$100,000
Total	\$184,080	\$127,000	\$346,229	\$400,000	\$1,000,000	\$2,057,309

Decision Making Process

47. Council and its committees are required to make every decision in accordance with the requirements of the Local Government Act 2002 (the Act). Staff have assessed the requirements in relation to this item and have concluded:
 - 47.1. The decision does not significantly alter the service provision or affect a strategic asset, nor is it inconsistent with an existing policy or plan.
 - 47.2. The use of the special consultative procedure is not prescribed by legislation.
 - 47.3. The decision is not significant under the criteria contained in Council's adopted Significance and Engagement Policy.

directly with the community or others having an interest in the decision.

Recommendations

That Hawke’s Bay Regional Council:

1. Receives and considers the “*Recovery Fund Projects*” staff report.
2. Agrees that the decisions to be made are not significant under the criteria contained in Council’s adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.
3. Notes the opportunity to utilise the Recovery Fund for leveraging funding from the Jobs for Nature Private Land Biodiversity Fund, through an application made by Hawke’s Bay Regional Council, and Tukipo constructed wetland, and agrees to support the funding of both these projects.

Authored by:

Thomas Petrie
PROGRAMME MANAGER PROTECTION & ENHANCEMENT PROJECTS

Mark Mitchell
ACTING MANAGER CATCHMENT SERVICES

Approved by:

Iain Maxwell
GROUP MANAGER INTEGRATED CATCHMENT MANAGEMENT

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 03 March 2021

**Subject: REPORT FROM THE 17 MARCH 2021 FINANCE AUDIT AND RISK
SUB-COMMITTEE MEETING**

Item 7

Reason for Report

1. The following matters were considered by the Finance Audit and Risk Sub-committee (FARS) meeting on 17 March 2021 and are now presented for the Committee's consideration alongside any additional commentary the Sub-committee Chair wishes to offer.
2. The purpose of the Finance, Audit and Risk Sub-committee, in accordance with its Terms of Reference, is to report to the Corporate and Strategic Committee to fulfil its responsibilities for:
 - 2.1. The provision of appropriate controls to safeguard the Council's financial and non-financial assets, the integrity of internal and external reporting and accountability arrangements
 - 2.2. The review of Council's revenue and expenditure policies and the effectiveness of those policies
 - 2.3. The independence and adequacy of internal and external audit functions
 - 2.4. The robustness of risk management systems, processes and practices
 - 2.5. Compliance with applicable laws, regulations, standards and best practice guidelines
 - 2.6. Monitor the performance of Council's investment portfolio.

Agenda items

3. The **Six Monthly Risk Report and Risk Maturity Update** item updated the Sub-committee on implementation of Council's maturing risk management system as well as introducing Karen Walters, Information Management Advisor, who presented about the risks associated with information and the project plan to mitigate those risks. The Sub-committee resolved:
 - 3.1. Confirms that the management actions undertaken and planned, as detailed in the February 2021 Enterprise Risk Report, adequately respond to the Risk Management Maturity Roadmap as endorsed by Hawke's Bay Regional Council on 24 June 2020.
 - 3.2. Reports to the Corporate and Strategic Committee, the Sub-committee's satisfaction that the Six Monthly Risk Report and Risk Maturity Update provides adequate evidence of the robustness of Council's risk management policy and framework and progress to implement the maturing risk management system.
4. The **Internal Audit Work Programme Update** item updated the Sub-committee on the internal audit work programme and a dashboard update on corrective actions taken, with discussions also covering the potential for an audit of Third party contractual agreements and MoUs; how those are negotiated, managed and monitored as well as assessed for risk. The Sub-committee resolved:
 - 4.1. Confirms that management actions undertaken or planned for the future adequately respond to the findings and recommendations of previously reported internal assurance reviews.

- 4.2. Reports to the Corporate and Strategic Committee, the Sub-committee's satisfaction that the Internal Audit Work Programme Update provides adequate evidence of the adequacy of Council's internal assurance functions and management actions undertaken or planned to respond to internal assurance review findings and recommendations.
5. The **Assurance Framework Relevant to S17a Reviews** item provided an update on the development of Council's Assurance Framework and where s17a reviews will fit within it. It highlighted that the proposed assurance framework has three levels, with S17a reviews sitting at the organisational level with elevation to FARS where there is significant non-compliance or material issues identified. The Sub-committee resolved:
- 5.1. reports to the Corporate and Strategic Committee, the Sub-committee's satisfaction with progress made to draft a Regional Council Internal Assurance Framework.
6. The **Quarterly Treasury Report for 1 October - 31 December 2020** item provided an update on the performance of Council's investment portfolio for the second quarter of the 2020-21 financial year, highlighting some upside in returns against Annual Plan budgets resulting in reduced requirement for Council to borrow. The following resolution was then passed.
- 6.1. That the Finance, Audit and Risk Sub-committee receives and notes the "*Quarterly Treasury Report for 1 October - 31 December 2020*" and confirms that the performance of Council's investment portfolio has been reported to the Sub-committee's satisfaction.
7. As part of today's meeting, representatives of Jarden will provide an update on the funds they manage for Council.
8. The **2019-20 Annual Report Adoption Delay** provided an update on progress toward adoption of the Annual Report by Council on 24 February. It explained the issues that caused the delays, including the valuation of the Napier Port administration building as a result of different accounting policies.

Decision Making Process

do not apply.

Recommendations

1. That the Corporate and Strategic Committee receives and notes the report from the 17 March 2021 Finance, Audit and Risk Sub-committee, including the following resolutions of the Sub-committee.

Six Monthly Risk Report and Risk Maturity Update

- 1.1. Reports to the Corporate and Strategic Committee, the Sub-committee's satisfaction that the Six Monthly Risk Report and Risk Maturity Update provides adequate evidence of the robustness of Council's risk management policy and framework and progress to implement the maturing risk management system.

Internal Audit Work Programme Update

- 1.2. Reports to the Corporate and Strategic Committee, the Sub-committee's satisfaction that the Internal Audit Work Programme Update provides adequate evidence of the adequacy of Council's internal assurance functions and management actions undertaken or planned to respond to internal assurance review findings and recommendations.

Assurance Framework Relevant to S17a Reviews

- 1.3. reports to the Corporate and Strategic Committee, the Sub-committee's satisfaction

with progress made to draft a Regional Council Internal Assurance Framework.

Quarterly Treasury Report for 1 October - 31 December 2020

- 1.4. receives and notes the “*Quarterly Treasury Report for 1 October - 31 December 2020*” and confirms that the performance of Council’s investment portfolio has been reported to the Sub-committee’s satisfaction

Authored by:

**Leeanne Hooper
TEAM LEADER GOVERNANCE**

Approved by:

**Jessica Ellerm
GROUP MANAGER CORPORATE
SERVICES**

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 03 March 2021

Subject: 2020-21 QUARTER 2 (1 OCTOBER - 31 DECEMBER 2020) FINANCIAL REPORT

Item 8

Reason for Report

1. This item provides the Committee with financial results for the first half of the 2020-21 financial year.

YTD Summary to 30 December 2020

2. Council has an operating surplus of \$1m compared to a forecast deficit of \$2.3m based on the pro-rata budget.
3. Operating expenditure is on budget, income is ahead due to the higher than forecast returns from the managed funds and HBRIC dividends.
4. Capital expenditure is running at 72% of budget overall, additional capital income is due to receiving PGF funding for Heretaunga Plains Flood Control, Upper Tukituki and Wairoa work. In addition, higher repayments have been received from Sustainable Homes (both early repayments and higher repayments from the increased uptake in the programme).

Summary – Full Year Forecast

5. The forecast year end operating position is favourable to plan by \$2.4m.
6. Full year operating expenditure will include Council approved \$2.45m accelerated funding for the Erosion Control Scheme. This is debt funded operational expenditure.
7. Full year income is expected to exceed plan due to better than expected investment income; dividends and managed fund returns.
8. Full year capital expenditure is expected to be \$800k under budget but income (Sustainable Homes repayments and grants) is expected to be over budget by \$3.3m.

Background to the Financial Summary

9. Many of the variances in the financial report to 31 December are the result of:
 - 9.1. no seasonal phasing of budgets.
 - 9.2. timing of the work programme delivery.
10. The FY20-21 annual plan budget was revised in response to the Covid-19 Pandemic. It includes conservative forecasting for investment income in-particular the uncertainty around the economy and financial markets at the time of preparation and adoption.
11. The budgets presented include the carry forwards from FY19-20 approved by Council.
12. For reporting purposes, the annual budget is divided evenly across the year without phasing. Annual spend has considerable seasonality, particularly planting activity, which will occur towards the end of the Financial Year. Future year reporting, from the new finance system will be phased across the year accounting for seasonality.
13. New loan funding is generally drawn down at the end of the financial year when the actual required funding is known.
14. All revenue and expenditure accrued (carried forward) at the end of the FY19-20 financial year has been recognised in the Q2 FY20-21 actuals.

15. The pro-rata budgets do not include additional expenditure and funding agreed after the annual plan was adopted (e.g. PGF funding for Heretaunga Plains Flood Control).

Overheads

16. Employee costs are on track at 31 December, the cost of the deferred mid-year pay review will impact the second half of the year but will be partially offset by savings derived from carrying vacancies.
17. Rental costs are exceeding budget by \$130k due to the office expansion in Station St for new accommodation to support the increased headcount. This is due to the originally planned approach to long term accommodation being a capital funded project. This is offset by an underspend in capital.
18. Computer software costs are over budget at 31 December by \$300k due to the pro-rata budgeting but these costs are expected to finish the year close to budget.

Operating Expenditure

19. Across the Council, operating expenditure is 99% of the pro-rata budget.
20. Strategic Planning expenditure is at 93% of the pro-rata budget at the midpoint of the year. It is likely that the Response to Climate Change project will be overspent at year end as additional costs will be incurred to obtain a baseline understanding of greenhouse gas emissions as a prerequisite to Kotahi discussions with tāngata whenua, Regional Planning Committee and the community. Statutory Advocacy costs are likely to be higher than budget as the Water Conservation Order and Marine and Coastal Area Act hearings are scheduled to commence 9 February. The legal fees associated with both processes are extensive. HBRC are also committed to funding a third of the fees for Barker and Associates to undertake the Housing and Business Development Capacity Assessment for Heretaunga Plains Urban Development Strategy.
21. Expenditure by Asset Management is below budget, at 88% of the year-to-date total. Westshore coastal works have been completed under budget and the bulk of the work on flood protection and control will take place later in the year. Work on the regional park network is more than budget and this perennial issue is being addressed in the 2021-31 LTP.
22. ICM expenditure is at 94% of the pro-rata budget. Science and Biodiversity budgets have large seasonal components during Q3 and Q4 and expect expenditure to match the budget by year end.
23. Consents and Compliance is operating slightly over budget. Maritime safety expenditure is slightly over budget due to some unexpected repairs on navigation aids in Mahia and Onepoto. Further, additional time has been spent by the compliance team on enforcement activities resulting in increased legal costs.
24. Emergency management expenditure is higher than budget due to approximately 40% of staff time continuing to be spent on Covid-19 response and resurgence planning plus the costs of the Napier flood event. It is expected that some of these costs will be recoverable from central government and this group expects to have a small surplus by year end.
25. Transport is over budget due to the increased work on the Regional Land Transport Plan with hearings due in March. The overspend will be recovered when the other councils are charged their share of the costs. The bus service costs are over budget but this increase will be offset by grants from NZTA.
26. Governance and partnerships expenditure is higher than budget due to external consultancy costs to inform the updated investment strategy for the LTP and the \$100k donation to the NCC Mayoral Flood Relief Fund funded from the council disaster damage reserve.

Operating Income

27. Across the Council, operating income is at 111% of the pro-rata budget.
28. Strategic planning is favorable due to receipt of additional funding for the Regional Business Partner programme to support the Covid recovery.
29. Asset management is reporting as under budget; this is due to budgeted interest income on reserves. This income is not assessed until year end but should be lower than expected due to the historically low interest rates received on deposits.
30. ICM is at 85% of its pro-rata budget. Science is less than budget due to delays in claiming refunds from MPI under the ECS booster scheme and to the territorial authorities for their contribution to LiDAR. Invoicing of third parties can only take place after the work is completed, this incurs a delay between the receipt and recognition of external costs and staff time, and being able to invoice.
31. Consents and Compliance income is under budget. Consents income is ahead of budget but Compliance income is 50% of the pro-rata budget due to under recovery of compliance monitoring charges (due to delayed invoicing). In future, we intend to accrue the income where possible to provide a more balanced picture.
32. Emergency management income is under budget reflecting a drop in expenditure and consequent funding for the operation of the East Coast Lab.
33. Transport income is over-budget across all activities with the bulk of the increase being funding from NZTA which offsets and moves in line with the increased operating costs of the bus network.
34. Works group income from external contracts is ahead of budget by \$59k and meeting full-year expectations.
35. The growth in the managed funds has exceeded expectations, with \$6.4m divested to recognize gains in December 2020. The performance has exceeded the full year budget. Should performance continue to be strong, further divestment and recognition of gains is achievable within the financial year.
36. Forestry income will be received in the second half of the year. There were delays to the start of harvesting due the time taken to establish the infrastructure and procure harvest managers. This will slightly reduce the volume harvested by the end of 2020-21 but the end of year forecast is in line with expected revenue.
37. Leasehold revenue is on track for the year.
38. \$4m Dividend from HBRIC was received in December and exceeded the forecast by \$1m. Any subsequent dividend would provide further upside in the current financial year.

Capital Expenditure

39. IT expenditure is under budget primarily due to the difficulties recruiting staff in a very competitive market to deliver projects, this has resulted in several delays. The telephony system upgrade has been completed slightly under budget; water information system completed under budget; Finance system is expected to run ahead of the original budget due to higher than budgeted internal costs and having to introduce alternative resourcing solutions in order to complete the project on time.
40. Asset management is underspent on most projects however this reflects actual timing against budget phasing and more time spent on design work in the early stages.
41. ICM capital expenditure is over budget due to the continued success of the Sustainable Homes project which has spent \$4.9m of its annual \$5.6m budget by 31 December with repayments higher than expected due to the increased take up of the programme. This is a cost recoverable programme.

42. Regional Income capital expenditure includes the water security project. This project is underspent due to ongoing delays in project delivery resulting from COVID-19 events through the middle of 2020. Further, timing of two significant capital projects scheduled for the second half of 20/21 financial year. The project team has now concluded an RFP for technical investigations for Heretaunga Storage and is about to confirm a preferred site for the Central Hawkes Bay Managed Aquifer Recharge pilot. With these now concluded the project team expects to initiate these two significant work streams shortly.
43. The Land and Buildings budget includes \$2m for the progression of a long-term accommodation solution. Work is underway to fit-out the new Station St accommodation, repurpose the Raffles St building and renovate the Dalton Street ground floor. This capital underspend is offset by increased operational costs leasing additional space for the short – medium term.
44. Motor vehicle expenditure is ahead of budget due to timing of the purchases.
45. Science have several large purchases planned for the second half of the year and expect to meet full year budget.

Balance Sheet

46. Non-Current Assets have increased by \$2.7m, PP&E, Infrastructure Assets and Intangible Assets has increased due to the ongoing capital expenditure noted above. Investment Property has decreased as Napier Endowment Leasehold properties are freehold and Financial Assets have decreased following the withdrawal of \$6.47m of growth from the managed funds.
47. Current Assets have increased by \$5m reflecting the continued reduction in outstanding rates offset by the receipt of cash from the managed funds.
48. Fair value reserves have decreased as unrealized gains in the managed funds have been realized as the underlying assets have been sold facilitate the withdrawal of \$6.47m in cash.
49. Non-current Liabilities have increased due to a new \$6.3m loan drawn down in July as delayed funding for the Sustainable Homes and Erosion Control projects offset by the principal repayments in the 1st half of FY20-21.
50. Current liabilities are consistent with the same period in FY19-20.

Other Information

51. Accounts receivables shows the increased \$15.1m in rates revenue received in comparison to the same period in FY19-20. The increased “Over 91” days receivable primarily consists of government debtors and does not indicate an increased risk of default from leaseholders or consent holders.
52. Rates receivables continues to reflect the improved level of payments. This is further evidenced through the issuing of two thousand fewer penalty notices at 31 January 2021 compared to prior year.

Reserves

53. Reserve movements are as expected based on the operating and capital income and expenditure to date.

Forecast to 30 June 2021

54. The Operating forecast shows a decrease in the net funding requirement of \$2.1m across the groups of activities.
55. The most significant variance to full year budget will be the approved acceleration of expenditure for the Erosion Control Scheme within the year, and the continued success of Sustainable Homes as part of Integrated Catchment Management.
56. In the second half of the year, managed fund growth has been estimated based on the average long-term growth of 5.16%. This is a conservative view based on the continued

impact of Covid-19 and uncertainty in world-wide economies and financial markets. This growth, \$2.93m, has been split and \$1m recognized as realised gains and included in operating income with the balance being recognized as fair value gains on the balance sheet.

57. The Capital forecast shows less than planned expenditure on IT Projects (ability to recruit suitable contract staff) and Regional Income (result of delays in the Water Security project noted above) offset by increased expenditure in Integrated Catchment Management (Sustainable Homes) and Asset Management (PGF/IRG funded projects no included in the 2020-21 Annual Plan).
58. The 2020-21 annual plan included a forecast \$7.5m debt requirement to cover the impact of Covid-19 on the budget (zero rates increase, reduced returns on managed funds and HBRIC dividends). The higher than expected returns from the managed funds and dividends indicate that this debt requirement will be reduced by \$2.5m to \$5m.

Carry Forwards for 2021-22

59. Several capital projects are likely to request a carry forward of funding into the next financial year based on their forecast expenditure for the year:
 - 59.1. ICM expect to carry forward \$600k for the SkyTEM 3D Aquifer work due to delays in the programme caused by the pandemic.
 - 59.2. IT is expecting to carry forward \$1.1m due to delays in recruiting staff to initiate and oversee projects.
 - 59.3. Asset Management is expecting to carry forward between \$500k to \$750k on the Clive River Dredging project with the amount dependent on the timing of consent and capability of the contractor to start work.
 - 59.4. Corporate support expects to carry forward \$1.5m to complete the work on the Raffles Street and Dalton Street buildings as work continues on the architecture, design and planning prior to construction.
 - 59.5. The Water Security project expects to carry forward \$1m due to the time to complete the RFP process and gain landowner agreement prior to commencing the pilot.

Decision Making Process

making provisions do not apply.

Recommendation

That the Corporate and Strategic Committee receives and notes the “2020-21 Quarter 2 (1 October - 31 December 2020) Financial Report”.

Authored by:

Tim Chaplin
SENIOR GROUP ACCOUNTANT

Bronda Smith
CHIEF FINANCIAL OFFICER

Approved by:

Jessica Ellerm
GROUP MANAGER CORPORATE SERVICES

Attachment/s

There are no attachments for this report.

HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE

Wednesday 03 March 2021

**Subject: ORGANISATIONAL PERFORMANCE REPORT FOR PERIOD
1 OCTOBER TO 31 DECEMBER 2020**

Item 9

Reason for Report

1. Attached to this cover report is the Organisational Performance Report for Quarter 2: 1 October to 31 December 2020. The Organisational Performance Report provides governors with situation-specific factors affecting the organisation's ability to deliver on its agreed levels of service, activities and budgets. It holds staff to account for non-financial and financial performance and signals through traffic light status reporting, issues that may require intervention.
2. The Report is supplemented with a new dashboard which provides Councillors with the ability to drill down and filter by area of interest. Instructions on how to log-in and navigate the PowerBI dashboard are attached. All Councillors have PowerBI licenses. A demonstration will also be provided on the day.
3. Year-to-date financials and full year expectations are reported through a separate paper on the agenda. The financial information in the separate report is at a more aggregated level than the financial commentary in the Organisational Performance Report.

Content of the Report

4. The attached Report contains four parts plus an Executive Summary with highlights and lowlights for the quarter.
 - 4.1. **Part 1: Significant Events or Programmes** impacting this quarter. These tend to be cross-council so sit outside the groups of activities section.
 - 4.2. **Part 2: Business Improvement Measures** focus on how well we are performing across a number of corporate-wide measures such as health and safety incidents and response to customer feedback.
 - 4.3. **Part 3: Level of Service Measures** by Group of Activities with traffic light status and commentary by exception.
 - 4.4. **Part 4: Activity Reporting** by Group of Activities with non-financial and financial (operating only) traffic light status and commentary.
5. This is the eighth Organisational Performance Report to be presented. It is much shorter than the previous versions (26 vs 80+ pages) as the status and commentary reporting has been rolled up from 3-digit code to activity level. Status and commentary by 3-digit code is still available to Councillors via the dashboard.
6. As a reminder, staff complete their reporting in a software tool called Opal3 once actual financial results for the quarter are loaded on the 20th of the month following the end of the quarter. Staff select the status (red, amber, green) of non-financial results, but it is fixed against agreed criteria for financial results. For example, red is set at >\$30,000 or >10% over or under budget. Staff are then required to provide commentary on what they did in the quarter in terms of actual non-financial performance and to explain any variations to budgets.
7. It should also be noted that many of the variances shown as red in the activity financial reporting are the result of the current financial systems inability to phase budgets through the year. The current budget has been spread evenly across the 12 months which does not reflect the actual timing of work programme delivery. The new financial system due to be implemented from 1 July 2021 will address this.

Dashboard

8. A prototype of the dashboard was presented to the Corporate and Strategic Committee at its previous meeting in December 2020. Since then we have made improvements to the content and design, however, data checking/cleansing is ongoing and some areas is still under development. The dashboard will be updated every quarter, ready for the Corporate and Strategic Committee Agenda.
9. We are continuously improving the new dashboard, and improving the data reliability across all areas – we would appreciate any feedback you have.

Decision Making Process

10. Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

Recommendation

That the Corporate and Strategic Committee receives and notes the “Organisational Performance Report for period 1 October to 31 December 2020” staff report.

Authored by:

**Kelly Burkett
BUSINESS ANALYST**

**Desiree Cull
STRATEGY AND GOVERNANCE
MANAGER**

Approved by:

**Desiree Cull
STRATEGY AND GOVERNANCE
MANAGER**

Attachment/s

- [↓](#) 1 HBRC Organisation Performance Report Q2 1 October to 31 December 2020



Item 9

Attachment 1

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Executive Summary

This Organisation Performance Report provides Council with information to understand the situation-specific factors affecting performance. It reports on how well we are performing across a number of corporate-wide measures and uses the Groups of Activities from the current 2018-28 Long Term Plan to present actual non-financial and financial performance using a traffic light reporting approach.

Its secondary purpose is to provide the Chief Executive, Executive team and staff with information to ensure alignment of council's work programmes across different groups and teams to achieve the Council's Strategic Plan outcomes and to ensure a steadfast focus on performance and accountability.

This report covers the period of 1 October to 31 December 2020. The report covers:

- Significant events and programmes this quarter
- Business improvement metrics
- Groups of Activities

Highlights

- A climate action marketing campaign was run across the region over six weeks
- An EnviroSchools Camp was held at Guthrie Smith Arboretum & Education Centre with the theme of climate change using Tūtira Lake as a case study
- Combined the Heatsmart and Sustainable Homes programmes delivered 866 packages in Q1 & Q2
- The first base-line assessment of corporate carbon footprint was received and communicated through social media and press releases
- An IT project is underway to improve the video conferencing functionality at Council sites to encourage uptake, improve video quality and the ease of use of this facility in meeting rooms. The end goal is to reduce air travel. This project should be finished by end of 20/21 FY
- 124 hectares of highly erodible land was planted and 2.6km of streams were fenced in this quarter
- A major investigative report reviewing groundwater monitoring needs was completed and approved in December 2020. Results of this report are the basis for field work planned in the next two quarters
- In Quarters 1 and 2, the draft Open Spaces Asset Management Plan was developed for the first time, bringing a more planned to the activity, including national best practice of Parks & Reserves
- Successful enforcement action was taken in the Environment Court where two companies convicted/fined for dairy discharge to stormwater – one fined \$20,000, the other fined \$17,000. Also a company was convicted/fined \$14,000 for spray drift.
- Land was acquired from a neighbouring property owner at Tūtira in order to establish an access road for logging trees on the Tūtira Regional Park.
- The Whakaki Catchment Pilot project was concluded with a workshop to discuss the outcomes of the economic impact assessment work
- The Land Science team are developing a new methodology to assess shelter belt state and distribution across the region using satellite imagery. The team also engaged in high resolution photography (2.5 cm resolution) of 217 riparian sites that will give us statistical coverage of our region and allow riparian statistical modelling to take place that will reveal riparian zone condition across the region (statistically)
- A compliment was received expressing thanks to our Total Mobility staff for a quick, caring and professional response to an enquiry about the total mobility scheme

Lowlights

- Our annual ISO 9001:2015 quality assurance review by Telarc was completed 19-20 October 2020. The auditor's findings were 1 major and 1 minor non-conformance. Major non-conformance was for documentation not available for verification to support the activities of the Harbourmaster. Minor non-conformance was for no evidence of a calibration/validation for two measuring/sampling units, currently deployed offshore
- Recruitment for positions in Catchment Implementation team was delayed to help overall financial impact for council in this constrained year. This resulted in a delay to planned work in priority Tukituki and TANK sub-catchments (now underway)
- A shortage of fencers resulted in delays to fencing five new Ecosystem Prioritisation sites for the Catchment Services team
- Some of our navigation aids, particularly around Mahia Beach and Onepoto (Taylor's Bay) needed repairs. This resulted in greater contractors cost than what had been budgeted
- The CDEM Group office staff were heavily involved in the Napier flood response in November and the subsequent NCC recovery. Due to the urgency of the Napier flood and COVID-19 responses, and resurgence planning a number of lesser priority work in this area have been placed on hold
- The bus fare recovery has not recovered to pre lockdown levels, despite the lower flat fare
- More road deaths so far this calendar year than full year last year

PART 1: SIGNIFICANT EVENTS AND PROGRAMMES THIS QUARTER

1.1 Long Term Plan 2021 – 31

Q2 was a busy time in the development of the Long Term Plan culminating with several workstreams presenting material to the council workshop in December 2020. Budget holders completed detailed budgeting for the 10 years of the plan (30 years for asset management) using the new financial system TechOne. New staff, new programmes and material changes to existing programmes could only be included if they had been supported by Council during the level of service review workshops held in September and October. The headline financial impacts were presented to Council in December. The provision of more detailed financial information was postponed until late January. The first ever Corporate Plan was developed and also presented to Council in December. The Corporate Plan describes the priorities and resources that the internal support services need over the next three years to ensure the activities and services funded through the Long Term Plan are delivered effectively and efficiently. Staff from across the organisation were involved in reviewing non-financial service level performance measures. The set of measures along with an early draft of the Consultation Document were also presented to Council in December. Independent advice was sought on investment returns.

1.2 Financial Upgrade Systems and Efficiencies (FUSE)

Work continued on the project to replace our current finance systems with TechnologyOne OneCouncil. Long Term Plan budgets have been completed using the Enterprise Budgeting module within the solution and work is now progressing on remaining streams which include Payroll, Supply Chain Management, Finance and Work Orders, Job Costing and Billing - these are all to be delivered during 2021.

1.3 Climate Change

In this quarter the Comms team launched and ran a significant climate action marketing campaign for six weeks. The campaign promoted the local impact of the climate crisis, the work the Regional Council is doing, and actions people can take. The campaign aligns with the Council's 2020-2025 Strategic Plan.

The campaign involved:

- Using the community perceptions survey of climate change in Hawke's Bay to launch the campaign, distributed to key media
- Promoting the NIWA report on climate impacts <https://www.hbrc.govt.nz/assets/Document-Library/Reports/Climate-change-projections-and-impacts-for-Tairāwhiti-and-Hawkes-Bay.pdf>
- Receiving the Council's first base-line assessment of its corporate carbon footprint, and communicated this to the public through social media + press releases
- Running pop-ups in Wairoa, Napier, Hastings and Waipukurau to engage community about climate change
- Organising a series of opinion pieces from councillors for publication in the Hawke's Bay Today
- Launching climate crisis website on climate change impacts, what the Council is doing and case studies <https://www.hbrc.govt.nz/environment/climate-actionhb/>
- Producing three case-study videos covering farming/business/community with a call to action
- Running comprehensive social media campaign with daily posts about climate change over the six week campaign period

1.4 Risk Management

On 10 June 2020, the Corporate and Strategic Committee endorsed a roadmap to mature HBRC's risk management system. The longer-term vision for maturity of HBRC's risk system is to establish value creation risk intelligent decision making that is embedded consistently throughout Council.

To achieve the longer term risk vision a risk maturity roadmap was developed and split into four distinct phases. The first three phases involve appropriately positioning the risk system within HBRC and then strengthening the risk governance reporting and business oversight. The final phase of the roadmap is partnering with the business to systematically strengthen embedded risk practices in the operational business.

At the August 2020 Finance Audit and Risk Sub-committee (FARS) meeting revised enterprise risks and a 'new look' enterprise risk report was presented to, and then endorsed by, the Sub-committee. With FARS endorsement of the revised enterprise risks the next step in risk maturity was to strengthen the risk scope and understanding of the critical control environment for each enterprise risk. To achieve this 'bowtie analysis' being the recommended methodology within HBRC's approved risk management framework was undertaken. For the quarter to 31 December 2020 of the 13 revised enterprise risks the following six enterprise risks had bowtie analysis applied:

- Information Management and Security
- Business Interruption
- People Capability
- Fraud
- Health Safety and Wellbeing, and
- Infrastructure an Asset Management

It is proposed that over the next quarter all enterprise risks will have bowtie analysis undertaken, with the enterprise risk report updated to reflect the improved understanding of the risk scope and critical control environment from the bowtie analysis.

1.5 Drought

It was agreed during the period that the remaining \$48,688.70 in the Drought Relief Fund (of which HBRC contributed \$200,000) would be utilised for the development of a regional drought resilience strategy. This process has been scoped and a consultant engaged, with workshops beginning in February 2021.

1.6 Regional Business Partners (RBP)

The Hawke's Bay Regional Business Partners (RBP) programme issued all their 2020/21 funds and will have access to no additional funding until 1 July 2021. RBP has issued the following to HB businesses.

- COVID Business Advisory funding pool for HB of \$2,056,128.00
- Tourism Transition Fund \$135,755
- Capability Voucher funding (50% co-funding for business leader capability training) \$350k, which is \$120k more than the BAU regional annual funding pool.

With a sizable pipeline of businesses still seeking funds (there is a value of \$250k of funds on the waiting list to date), this will be a challenging next few months as there is still a strong appetite in the market for training.

The RBP team has resumed the BAU 2.1 FTE (of which 0.6FTE is subcontracted to the HB Chamber of Commerce). With the RBP contract end date of 30 June 2021, MBIE are working through options with the Minister for Economic Development regarding a contract rollover, or a full RFP - the latter is unlikely given the tight timeline.

Callaghan Innovation is a government partner in the recently launched Industry Transformation Plan (ITP) for the Agritech sector and has employed 2 new people to lead the (1) Robotics and Automation Catalyst workstream and (2) Innovation and Technology Adoption workstream. The Hawke's Bay Innovation Specialist (HBRC RBP employee) has commenced discussions with both programme leads to ensure Hawke's Bay Hort and Agri businesses are at the forefront of the roll out.

1.7 Hawke's Bay Tourism

Given current border restrictions and the global COVID-19 environment, Hawke's Bay Tourism (HBT) continued to focus on domestic tourism marketing throughout the period. Funding has been invested into three key categories – destination management & planning, industry capability building & product development and domestic marketing.

Interest for Hawke's Bay in particular, remains high - this has seen many events sell out or up last year's sales. There is a range of standout events throughout the summer months that HBT are supporting. HBT continues to strengthen the Food and Wine offering of the region as part of its branding and communications.

There was nervousness about the holiday period, with spend usually heavily propped up by international tourists and this will be the first summer for a lot of businesses that this market has not existed. Although local tourism helps and record domestic spend numbers are expected, it is unlikely to completely fill the economic void.

1.8 Matariki – Hawke's Bay Regional Development Strategy for economic, inclusive & sustainable growth

HBRC has representatives across both the governance and working group levels of Matariki.

Prioritised recovery actions and focus areas for the region continue to be progressed, as well as an integrated approach for a regional performance story across Matariki and the Regional Social Sector leads workstreams.

A regional workforce and skills plan is underway with the Interim Regional Skills Leadership Group – falling under Matariki Pou 2, and there has been good progress made on the construction & infrastructure pipeline.

The councils' section 17A Economic Development review has also been tabled and workshopped with members.

PART 2: BUSINESS IMPROVEMENT MEASURES

2.1 People & Capability

FTEs have increased by 1.63% in Q2 (Oct-Dec 2020). Turnover was sitting at 0.7% as of Dec 2020, down from 2.18% at end of Q1 (Sept 2020)

Employee Count

Data updated on a monthly basis



Staff Count and FTE by Month

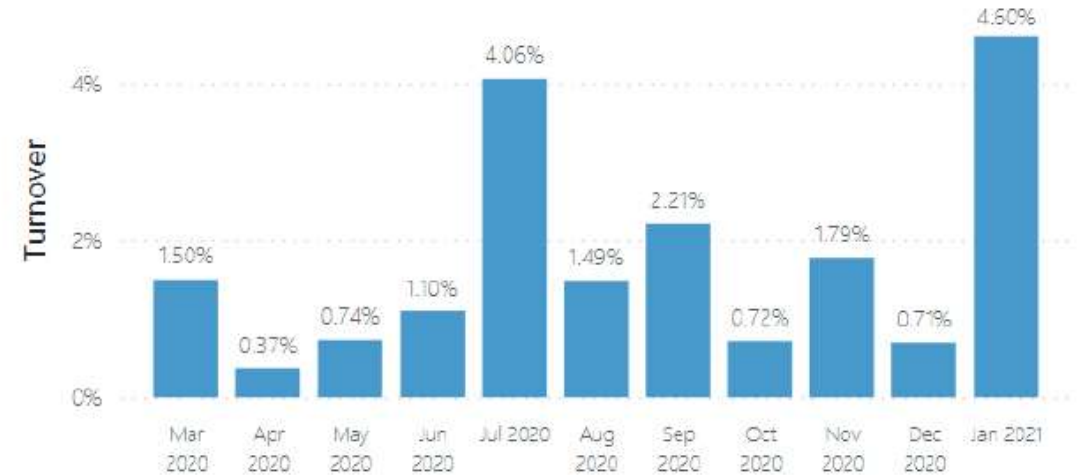


Turnover (2020)

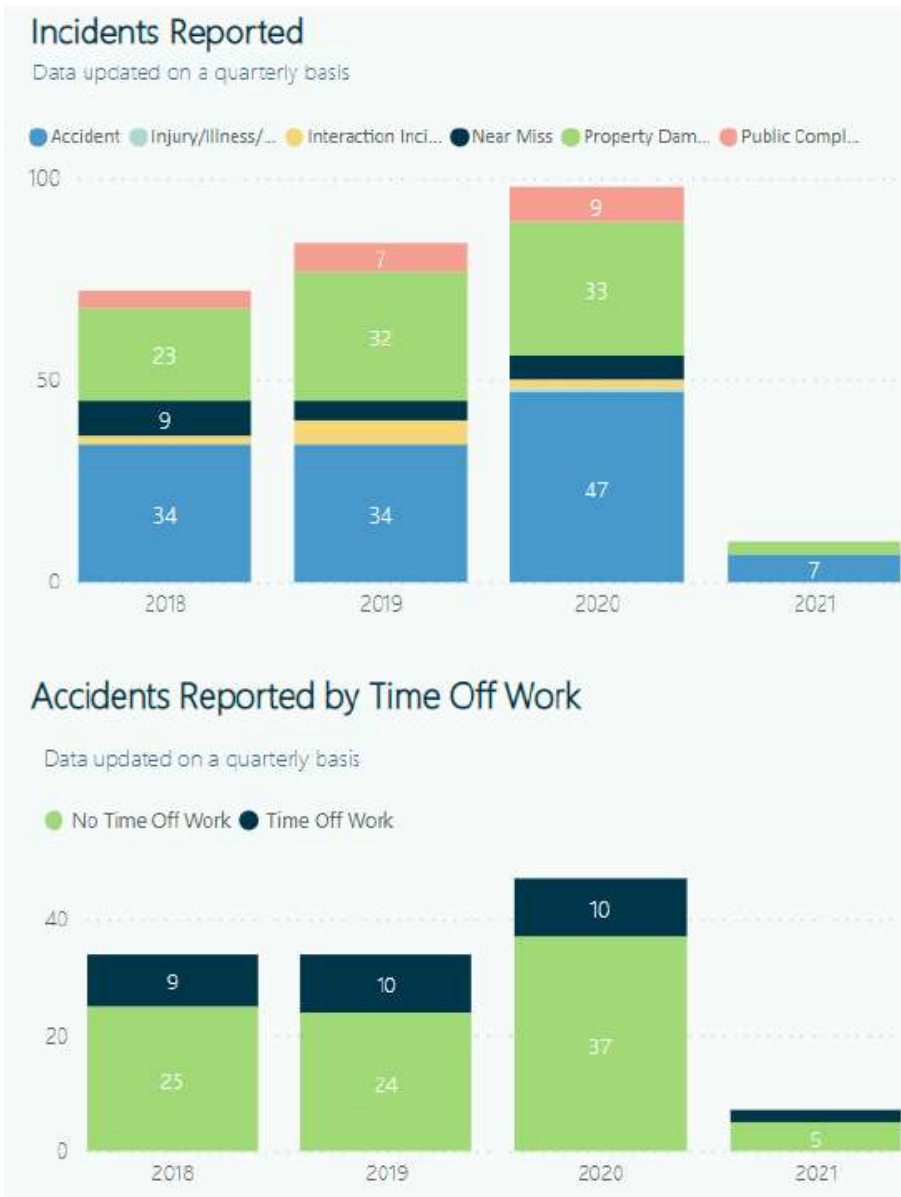
Data updated on a monthly basis



Employee Turnover



2.2 Health & Safety (H&S)



22 incidents were recorded during the quarter;

- 2 accidents with no time off work
- 1 accident required time off work
- 4 near misses
- 3 public complaints
- 12 property related damage

There were 2 sprain/strain incidents.

With the addition of a full time Health & Safety Coordinator a full review of Health & Safety systems and procedures is underway.

2.3 Communications and Customer Experience



All LGOIMA requests received were responded to within the required timeframes, including 4 instances where "due particularity" was sought and subsequently 2 were sent an estimate of costs for providing information. Of those assessed for cost recovery, neither paid the deposit to enable Council to provide the information. There was one complaint made to the Office of the Ombudsman against a response from the Compliance Section advising information would be withheld under s6(a) because making available of that information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial

A total of 42 items of feedback were received through online feedback channels in Q2 (Oct – Dec 2020):

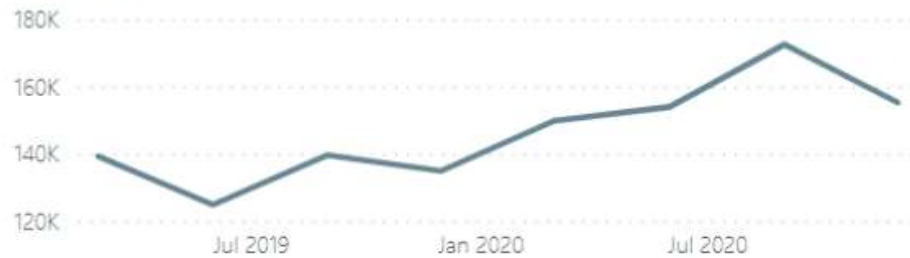
- 37 comments were received, there were no obvious common themes to the feedback received, however there were a few comments relating the bus service and new Bee Card process.
- 4 complaints were received concerning riverbank and trail maintenance, representation on Regional Council Committee and suggested edits to HBRC pest hub website.
- 1 compliment was received.

64% were completed within timeframe, compared to 61% last quarter.



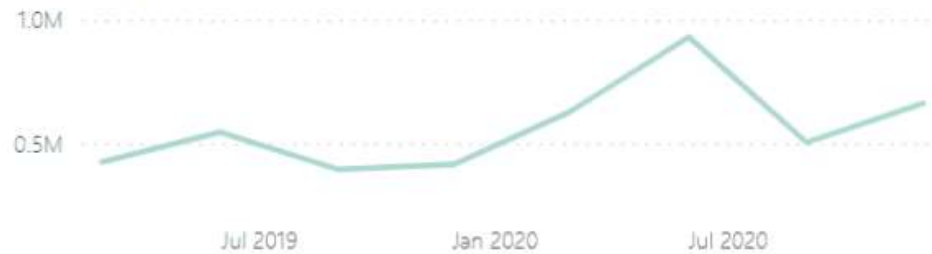
Website Data updated on a quarterly basis

Number of HBRC Website Visits



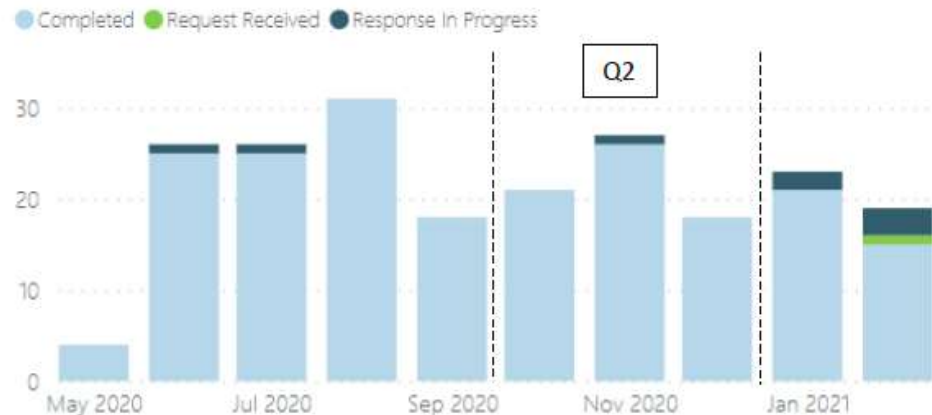
Social Media Data updated on a quarterly basis

Total Reach on Facebook



Media Log Data updated on a daily basis

Number of Enquiries by Status and Month



Most media queries from October 2020 were from local journalists, with interest in the climate action campaign, NCC wastewater pipe repairs, WDC wastewater issues, illegal burning prosecutions, the Napier flood, air quality, water safety and Swim Through Summer.

There were 21 queries from Hawke’s Bay today, 11 from Wairoa Star, 9 from Stuff (Dom Post) and 8 from Radio NZ.

Many of the calls were following up on media releases we had sent out including the climate action campaign, Chilean needle grass, prosecutions for illegal burning, discharges and spraying, toxic algae, Maori representation on Council and Jobs for Nature grant. Please note that the number of calls does not reflect the number of media releases that were published.

2.4 Corporate Carbon Footprint

CO2 Emissions Data updated on a quarterly basis

● Air Travel ● Energy Use ● Fuel Use



Category	CO2 Tonnes Emitted	Prior Qtr Change	Prior Year Change
Air Travel	7.00	75%	-13%
Energy Use	7.90	-48%	-20%
Fuel Use	108.17	4%	17%
Total	123.07	31%	-15%

CO2 Emissions (Tonnes) Data updated on a quarterly basis

● Air Travel ● Energy Use ● Fuel Use



Emissions were lower than Q3 from FY20 but still slowly increasing to the pre lockdown norms.

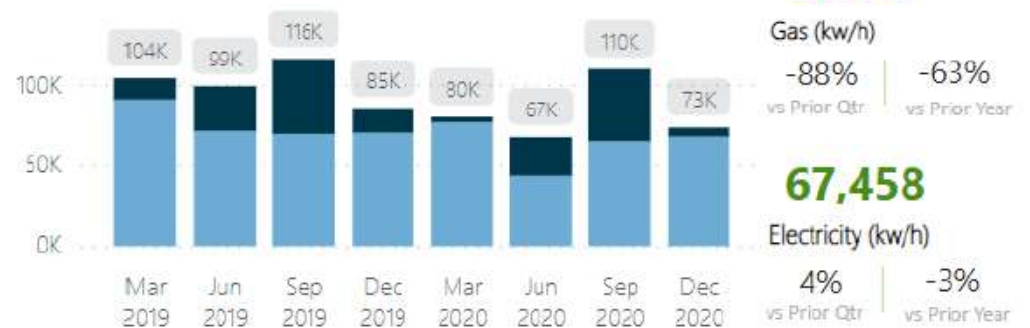
108.17 tonnes of CO2 were produced from Council fleet fuel use. Electric vehicles and bikes are introduced in to the fleet as the opportunity arises through annual replacement schedules to combat our fuel emissions profile.

The total CO2 emissions relating to energy use at Council's main office building at 159 Dalton St, equated to 7.9 tonnes CO2.

A total of 6.96 tonnes of CO2 can be attributed to air travel related emissions.

Energy Usage Data updated on a quarterly basis

● Electricity Use (Kw/h) ● Gas Use (Kw/h)



A total of 67,458 kW/h of electricity were consumed in Q2.

Fuel Usage Data updated on a quarterly basis



Data relates to Dalton Street vehicles only (not Guppy Rd vehicles). Plant not included.

On track to meet the requirements of the organisation, but there is potential for fewer vehicles in the fleet moving forward.

Reduction of the PHeV numbers to occur as better fuel economy from Hybrids is being recorded so more Hybrids and EVs required in the fleet. N.B. 2 intended vehicles were being incorrectly included in the Hybrid list for the previous quarters.

Total petrol –

91 - 7498 Litres (\$12,358.64)

95 or above - 127 litres (\$232.77)

The introduction of two electric motorcycles in the new year should be able to bring this down (assuming they prove fit for purpose). We are also seeking electric quadbikes.

Vehicles Data updated on a quarterly basis



A total of 28,763 km's were travelled by air in Q2.

Air Travel Data updated on a quarterly basis

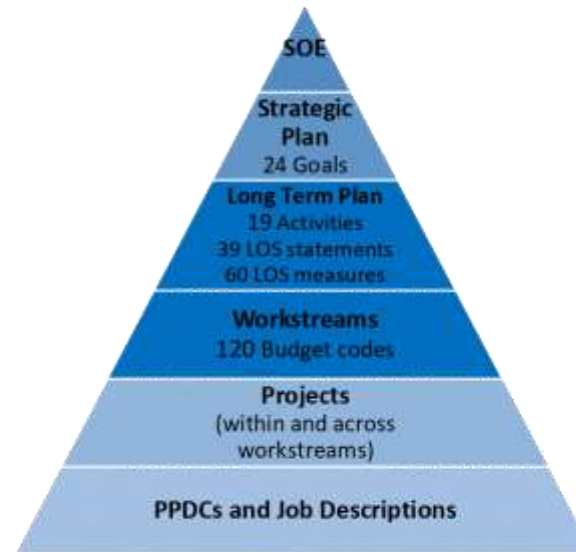


PART 3: LEVELS OF SERVICE BY GROUP OF ACTIVITIES

Under the Local Government Act 2002 the Regional Council is required to present its financial and non-financial information in groups of activities for ease of understanding. In the 2018-28 Long Term Plan the Regional Council aggregated its activities into seven Groups of Activities (GOAs), being:

1. Governance and Partnerships
2. Strategic Planning
3. Integrated Catchment Management
4. Asset Management
5. Consents and Compliance
6. Emergency Management
7. Transport

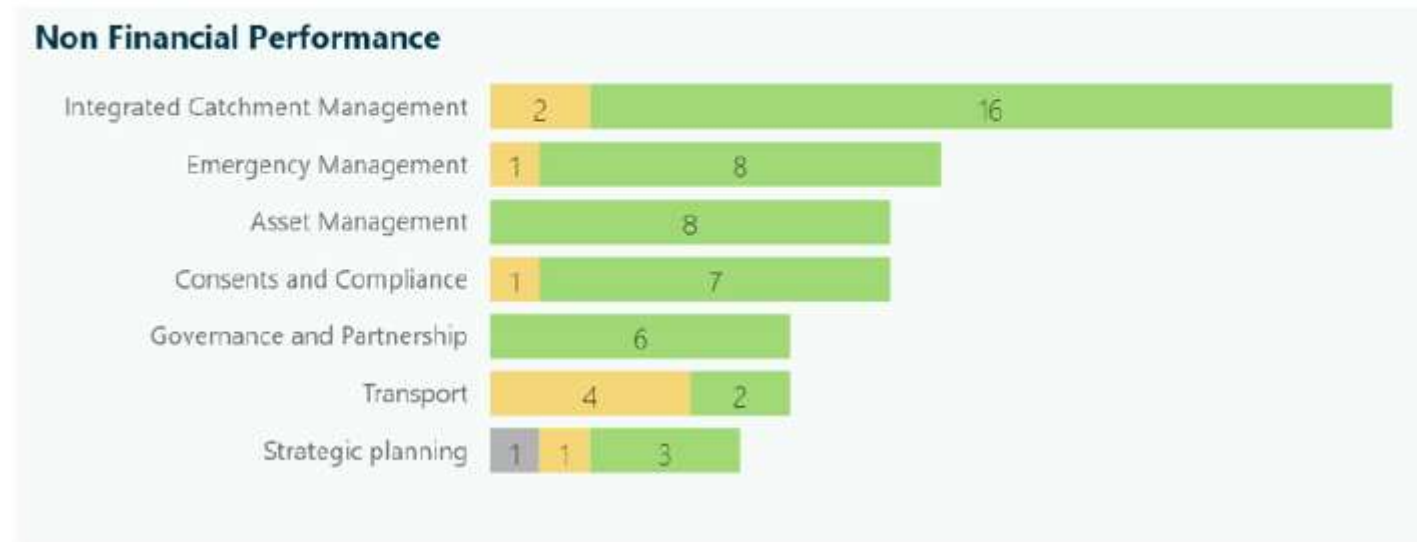
The seven GOAs are made up of 19 activities, 39 levels of service, 60 levels of service measures and 120 budget codes (as per Opal3). This report covers the activities within the LTP.



A traffic light reporting approach is used to show financial and non-financial results.

Non-financial status	●	Achieved or On Track
	●	Off Track or at risk of not being achieved
	●	Not Achieved or Off Track
	●	Result not provided
Financial status	●	Actual results are > 10% or \$30,000 over or under budget
	●	Actual results are within 5-10% and \$15,000-\$30,000
	●	Actual results are within 5% and \$15,000

3.1 Level of Service Measure Reporting Summary



3.2 Level of Service Measure Exception Reporting

The exception reporting below provides commentary regarding measures that are currently off track, or forecasted to be 'at risk' of not being achieved. Council monitors the measures throughout the year to enable proactive action to improve performance.

Group Of Activity	LOSM	Status	Non-financial comments / explanations
2. Strategic planning	Planning managers from HBRC and territorial authorities meet at least twice each year to discuss and identify integration issues; and improvements to content and/or processes for regional and district plans.	●	During 2020/21 Q2, no meeting held of HB Council Planning Managers. However, regular communications with the TLAs' planning managers is maintained via various other channels such as HPUDS discussions.
3. Integrated Catchment Management	Additional area of highly erodible land planted in trees (ha).	●	Expected to be off target but steadily improving as shown below. Available budget, plants/fencers will be limiting factors to continued growth. Quarters 2 and 3 are the quiet periods, either side of Xmas. CRM data: 124 ha of erodible land in trees this quarter Q2, 916 ha first two quarters of 20/21. 124 ha of erodible land in trees (3rd year Q2) 667 ha of erodible land in trees (2nd year of ECS, includes covid period) 94 ha of erodible land in trees (1st year of ECS)
3. Integrated Catchment Management	Additional kilometres of riparian margin protected annually to reduce sediment, nutrient and/or bacterial contamination of water	●	Expected to be off target but steadily improving - Protected = both sides of the stream Q2 and Q3 are the quiet periods either side of Xmas. 2.6 km of stream protected in Q2 24 km total (3rd year Q1 & Q2) 27 km total (2nd year of ECS) 8 km total (1st year of ECS)
5. Consents and Compliance	Percentage of programmed inspections/reports completed each year as per the adopted risk-based Compliance Monitoring Strategy.	●	8829 consents are currently held within the HBRC database for active consents. Of these consents many are bore permits or structures that are no longer monitored. For FY21, there are 1258 active discharge consents and 2253 water take consents that are programmed as per the adopted risk-based Compliance Monitoring Strategy. To Q2 FY21, All water take consents are monitored through telemetry in real time, an additional 335 monitoring actions have been made against these watertake consents. These additional inspection relate predominantly to meter verifications (118), bore security (66), and site inspections (53). To Q2 FY21, the compliance team has made 1130 monitoring observations against 480 discharge consents representing 38% of all discharge consents requiring monitoring. Of these observations there were, Report/plan assessments (367), review of environmental data (294), compliance reporting (265), and site site inspections (152). Not at 50% due to high enforcement and permitted activity monitoring.

<p>6. Emergency Management</p>	<p>An operative Group Plan under the CDEM Act 2002 is in place, reported on annually and reviewed within statutory timeframes by the Joint Committee.</p>	<p>A project plan to review existing Group Plan was developed and agreed to by the CEG and Joint Committee in late 2019. Work had commenced on hazard risk review as per the agreed project plan. However due to the COVID-19 response commencing in February and current work on planning for COVID-19 re-emergence, the CEG and the Joint Committee had determined that the review is not priority at this time and the current plan is fit for purpose.</p> <p>It is also noted that the National Emergency Management Agency has also placed the review of the National Plan on hold. Whatever the priority, this project will need to be re-evaluated and project plan adjusted. The current Plan remains operative until replaced.</p> <p>A paper will be presented to the February CEG meeting seeking guidance on this project. It is intended that work will recommence on the hazard risk review in April.</p>
<p>7. Transport</p>	<p>Annual patronage on the Hawke's Bay bus services.</p>	<p>Bus patronage is tracking about the same or slightly less for the previous three months with the monthly average so far this year being 49,303. The monthly average over the past 5 years has been 53,462.</p>
<p>7. Transport</p>	<p>Incidence of fatal and injury crashes in our region (5 year rolling average).</p>	<p>Statistics for the five year rolling average of fatal and injury crashes are no longer being updated by Ministry of Transport and NZTA. Therefore reporting is on the five year average of deaths and serious injuries in road crashes (combined). still awaiting data from NZTA. More deaths so far this calendar year than full year last year</p> <p>Five Year Rolling Average - Deaths and Serious Injuries</p> <p>2011-15 93 2012-16 100 2013-17 105 2014-18 112 2015-19 113 In 2020 - 19 deaths and 84 serious injuries (103)</p>
<p>7. Transport</p>	<p>Percentage of residences and businesses within 500m (under normal conditions) and 600m (in low density/outer areas) walking distance of a bus stop within existing bus routes.</p>	<p>The 2020 transport study has calculated 69.2% of households are within a 400 metre walk of a bus route. However, providing coverage can mean meandering routes and longer journey times, making bus journeys less attractive and slower than driving. Many of the local bus routes in Napier and Hastings offer limited hours and days of operation, and low frequency services that provide a poor alternative to the convenience of driving. Only 20.1% of households are within a 400 metre radius of a frequent route (30 minute frequency or less). Based on current urban growth rates, this performance indicator is unlikely to change significantly. There are no bus services in rural townships.</p>
<p>7. Transport</p>	<p>Proportion of total service costs that is covered by fares.</p>	<p>Fare recovery for 2016/17 was 38.5% Fare recovery for 2017/18 was 36.5% Fare recovery for 2018/19 was 33.6% Fare recovery for 2019/20 was 23.5%</p> <p>Average monthly fare recovery so far is 17%</p>

PART 4: ACTIVITY REPORTING BY GROUP OF ACTIVITIES

4.1 Activity Reporting Summary¹

¹ Many of the variances shown as red in the financial reporting are the result of the current financial systems inability to phase budgets through the year. The current budget is pro rata'd evenly across the 12 months which does not reflect the actual timing of work programme delivery. The new financial system due to be implemented from 1 July 2021 will address this.

Group Of Activity	Activity	Non Financial Status	Financial Status
1. Governance and Partnership	Tangata Whenua Partnerships and Community Engagement	●	●
7. Transport	Transport Planning and Road Safety	●	●
6. Emergency Management	Hawke's Bay CDEM Group	●	●
5. Consents and Compliance	Maritime Safety	●	●
2. Strategic planning	Strategy	●	●
3. Integrated Catchment Management	Biodiversity and Biosecurity	●	●
3. Integrated Catchment Management	Catchment Management	●	●
4. Asset Management	Coastal Hazards	●	●
1. Governance and Partnership	Community Representation and Leadership	●	●
5. Consents and Compliance	Compliance and Pollution Response	●	●
5. Consents and Compliance	Consents	●	●
4. Asset Management	Flood Protection and Control Works (Rivers, Drainage and Small Schemes)	●	●
4. Asset Management	Flood Risk Assessment and Warning	●	●
6. Emergency Management	HBRC Emergency Management	●	●
4. Asset Management	Open Spaces	●	●
7. Transport	Passenger Transport	●	●
2. Strategic planning	Planning	●	●
3. Integrated Catchment Management	Science and Information	●	●
2. Strategic planning	Sustainable Regional Development	●	●


Item 9

Attachment 1

4.2 Governance and Partnerships

Below are the non-financial and financial reporting (operating only) for the two activities within Governance and Partnerships Group of Activities (GOA):

Group of Activity	Activity	NF Status	Comments
1. Governance and Partnership	Community Representation and Leadership		This quarter was a busy time for Councillors and staff with several workshops to develop the 2021-31 Long Term Plan. An unresolved issue relating to how Council's subsidiary, Port of Napier Limited (PONL) values its land resulted in missing the December statutory deadline for adoption of the 2019-20 Annual Report. Adoption is now scheduled for February 2021.
1. Governance and Partnership	Tangata Whenua Partnerships and Community Engagement		Strategic Relationships with Tangata Whenua (TW) expanded through Q1 and Q2 beyond just formal committees (Regional Planning Committee (RPC), Maori Standing Committee (MSC)) to representatives from both committees sitting on almost all of Council's committees (not Financial Audit & Risk sub committee (FARS) including Regional Council Committee. As a result TW contribution has increased exponentially. Water Storage, Three Waters, Long Term Planning, Hot Spot, FIF, TriPartite, Whakatipu Mahia, Plan Changes have been specific areas of engagement with tangata whenua relevant to geographic or catchment locations. Whilst TW and representation is a key activity and feature of the majority of HBRC business, the impact on TW capability and capacity to maintain the level of representation and engagement has been severe and costly. This will require management over the balance of the year.

Group of Activity	Activity	F Status	Comments
1. Governance and Partnership	Community Representation and Leadership		External Costs are over budget mainly due to consultancy costs related to Long Term Plan (LTP) development and an unbudgeted \$100,000 donation to the Napier City Council (NCC) Mayoral Flood Relief Fund.
1. Governance and Partnership	Tangata Whenua Partnerships and Community Engagement		The EOY forecast to 30 June 2021 is projected to be \$22k over-budget. This is attributable to normal RPC & MSC BAU (and director costs) but in addition, greater representation of RPC & MSC on all of Council's committees and remuneration accordingly. Expansion of TW representation was a resolution of Council with consequential unbudgeted cost increase for directors fees, travel and incidental cost. The 5% underspend is attributable to a reconciliation issue around coding practices between Governance Group and Māori Partnerships Group. These will be resolved over Q3 & 4.

4.3 Strategic Planning

Below are the non-financial and financial reporting (operating only) for the three activities within Strategic Planning Group of Activities (GOA):

Group of Activity	Activity	NF Status	Comments
2. Strategic planning	Planning		Q2 has been a very busy period for the Policy & Planning Team with significant amount of staff time and resource focused around delivering our programmed work - TANK (Tutaekuri, Ahuriri, Ngaruroro, Karamu) plan change, submissions and further submissions and Outstanding Water Bodies (OWB) plan change hearings. The team has commenced the review of the Regional Resource Management Plan (RRMP) and Regional Coastal Environment Plan (RCEP) through the Kotahi programme development which has been socialised with staff, RPC and MSC. Co-design of the Mohaka chapter has also been a focus this quarter. Within the Statutory Advocacy space preparation for the Water Conservation Order (WCO) and Marine and Coastal Area Act (MACAA) hearings has dominated. All work programmes are on track. It should be noted that the Manager Policy and Planning was also Acting Group Manager Strategic Planning and the Senior Planner for TANK was Acting Manager Transport during this quarter.
2. Strategic planning	Strategy		The major focus for the Strategy and Performance teams this quarter was LTP development. Other highlights included the creation of dashboard for organisational performance reporting, running Project Management Essential training and successful recruitment for Senior Project Manager due to start on 11 January 2021.
2. Strategic planning	Sustainable Regional Development		The Regional Business Partner Programme has provided an expanded level of service following the receipt of Covid-19 related Government funding for additional staff and grants for business advice. HB Tourism has also received additional funding for expanded domestic tourism marketing.
Group of Activity	Activity	F Status	Comments
2. Strategic planning	Planning		The YTD pro rata budget is underspent for this quarter as there will be significant costs in Q3 of the financial year associated with WCO, MACAA and OWB hearings. The majority of the TANK hearing costs will fall in Q4. This will mean that the Statutory Advocacy budget will likely be overspent and the Strategy and Planning budget will be spent.
2. Strategic planning	Strategy		Slightly under budget for the first six months due to staff vacancies. Budget on track for FY end.
2. Strategic planning	Sustainable Regional Development		The project is expected to be fully funded from targeted rates and government grants. Contributions to our partners is on schedule and the project is ahead of budget due to the increased funding received for the additional resources to support the Covid-19 response provided through the regional business partner programme

4.4 Integrated Catchment Management (ICM)

Below are the non-financial and financial reporting (operating only) for the three activities within Integrated Catchment Management Group of Activities (GOA):

Group of Activity	Activity	NF Status	Comments
3. Integrated Catchment Management	Biodiversity and Biosecurity		The Catchment Services teams focus has completed 472 possum monitoring lines within the Possum Control Area programme, managed 13 different pest plant programmes, has progressed the Whakatipu Mahia possum eradication and predator control work, has completed the regional rook control programme, is preparing to deliver works at five additional Ecosystem Prioritisation sites and is undertaking a full review of the Possum Control Area programme.
3. Integrated Catchment Management	Catchment Management		Busy work programs with some projects well ahead of anticipated position for the time of year. The Erosion Control Scheme (ECS) is looking to be well ahead in terms of project delivery/Level of Service and costs for this time of year and most other projects are on track.
3. Integrated Catchment Management	Science and Information		Workstreams in the Science and Information activity are delivered by the Science, Consenting, Environmental Information, Catchments Policy Implementation, Procurement and GIS sections of HBRC. Highlights include: <ul style="list-style-type: none"> - State of the Environment (SoE) monitoring data captured and stored, as planned, to rigorous standards for climate, air quality, surface water, groundwater, land science, marine and coastal sites; - Progressed planning for 3-year SoE synthesis report (2018-21) that meets requirements of new National Policy Statement for Freshwater (2020); - Science resources heavily focussed on supporting policy/planning functions, including Ngaruroro Water Conservation Order, TANK, Mchaka and broader regional Kotahi plan changes; - Resource consents secured for Tukipo constructed wetland case-study to manage nitrogen and support Tukituki plan implementation; - Percentage of consent holders delivering water meter data via telemetry or web has increased to 84%; - Combined the Heatsmart and Sustainable Homes programmes delivered 866 packages in Q1 & Q2
Group of Activity	Activity	F Status	Comments
3. Integrated Catchment Management	Biodiversity and Biosecurity		The Biosecurity and Biodiversity budgets are currently on track for financial year end. Pro rata forecasts do not accurately reflect programme expenditure. The majority of works happen over summer with many contracts being completed and paid for in May 2021. Please note we are aiming for an underspend in the pest animal budget this financial year, in agreement with the finance team, to start rebuilding the Biosecurity reserve fund which has been depleted.
3. Integrated Catchment Management	Catchment Management		Variance of pro rata budget is due to greater uptake of the ECS in the 1st half of the year, including Jobs4Nature, and the timing differences for Farm Environmental Management Plans (FEMPS) and future farming. The Environment Integrated Catchments Committee (EICC) has approved bringing borrowing forward to cover the increased cost due to improved uptake and momentum in the ECS and Jobs4Nature projects.
3. Integrated Catchment Management	Science and Information		Total budget is underspent by approximately 25% because many science programmes have large seasonal components. Outstanding budget is expected to be spent by end of financial year on services that are currently underway.

4.5 Asset Management




Below are the non-financial and financial reporting (operating only) for the four activities within Asset Management Group of Activities (GOA):


Group of Activity	Activity	NF Status	Comments
4. Asset Management	Coastal Hazards		The Engineering team have been progressing the Joint Coastal Strategy design work stream. The Westshore nourishment work is completed and under budget due to some savings in sourcing material. Awaiting contribution from NCC.
4. Asset Management	Flood Protection and Control Works (Rivers, Drainage and Small Schemes)		The assets under the flood protection control work are being maintained as per the Maintenance Contract. There is a delay in provisional work under the maintenance contract due to other priority work being undertaken. The additional work (outside of maintenance work) is under planning and programmed to be delivered in this financial year.
4. Asset Management	Flood Risk Assessment and Warning		Engineering team working on catchment reviews, hydrodynamic modelling for flood hazard planning, mapping. This is part of the Capital work (Heretaunga Plains Flood Control Scheme (HPFCS) Level of Services).
4. Asset Management	Open Spaces		The Open Space activities under the maintenance contract are being undertaken and no delay is to be reported. The work outside of the maintenance contract is over budget, some of these cost are affected by COVID 19. (resources required for planting as no volunteers available). New Asset Management Plan (AMP) has been developed. New brochures with HBRC parks has been completed for comms.

Group of Activity	Activity	F Status	Comments
4. Asset Management	Coastal Hazards		The Westshore nourishment budget under due to savings in sourcing material. The consultancy cost for coastal strategy is still to be accounted for. Delay in receipt of some other consultancy invoices.
4. Asset Management	Flood Protection and Control Works (Rivers, Drainage and Small Schemes)		Under budget due to phasing. Additional work outside of the maintenance contract is still in progress and will be delivered in a next quarter.
4. Asset Management	Flood Risk Assessment and Warning		Expenditure is under spent due to staff time being coded to Capital work. Ngaruroro and Tutaekuri analysis is being funded through the capital project.
4. Asset Management	Open Spaces		Currently over budget due to AMP delivery and additional assistance/backfill by consultant during Team Leader Open Spaces off sick for an extended period. Some unplanned work has been undertaken and the team will look into savings in the second half of the FY.

4.6 Consents and Compliance



Below are the non-financial and financial reporting (operating only) for the three activities within Consents and Compliance Group of Activities (GOA):

Group of Activity	Activity	NF Status	Comments
5. Consents and Compliance	Compliance and Pollution Response		Increased enforcement work across both the monitoring & pollution teams as well as a greater requirement for permitted activity monitoring (i.e. Forestry National Environmental Standards (NES)) has resulted in a number of successful prosecutions and the issue of a significant increase in abatement notices and infringement fines. Two new environmental compliance officers have joined the team (replacements) and appointment of a senior investigator will enable a greater enforcement workload. Currently recruiting for a compliance manager
5. Consents and Compliance	Consents		Consents Team are processing consents consistent with Resource Management Act (RMA) requirements. 273 consents issued over the first half of the year. The Team are organised to continue in this manner.
5. Consents and Compliance	Maritime Safety		School Education continues to be very rewarding, and we have spent a lot of time in addition doing boat ramp interventions at the weekends to ensure the public know their obligations when afloat. Once again we are part of the MNZ funded "No Excuses" campaign, the weather this summer to date has kept many people on shore so encounters at sea have been limited

Group of Activity	Activity	F Status	Comments
5. Consents and Compliance	Compliance and Pollution Response		Less recoverable time (permitted activity monitoring) in conjunction with a necessary requirement for increased enforcement action has put pressure on the income received and required a greater legal spend. Total compliance budget short by approximately \$90k resulting from under recovery of compliance monitoring charges.
5. Consents and Compliance	Consents		Project is close to budget in terms of total costs. It has over recovered in terms of income to date. Therefore net funding requirement is currently less than budgeted.
5. Consents and Compliance	Maritime Safety		We are slightly over budget due to some unforeseen repair work to navigation aids in Mahia and Onepoto.

4.7 Emergency Management

Below are the non-financial and financial reporting (operating only) for the two activities within Emergency Management Group of Activities (GOA):



Group of Activity	Activity	NF Status	Comments
6. Emergency Management	Hawke's Bay CDEM Group		<p>Approximately 40% of staff time in this area is committed to ongoing COVID-19 resurgence planning and post the first response claims. On top of this significant time was commitment to the November Napier flood event and the post event activities (eg after action reviews) and supporting NCC recovery.</p> <p>The work programme in this area is likely to be directed into the next 12 months.</p> <p>The work programme will continue to be reported and to and be reprioritised with the Coordination Executives Group (CEG) and Civil Defence Emergency Management (CDEM) Joint Committee.</p>
6. Emergency Management	HBRC Emergency Management		No significant issues in the work programme in this area. However COVID-19 resurgence and other events will potentially impact.

Group of Activity	Activity	F Status	Comments
6. Emergency Management	Hawke's Bay CDEM Group		On track
6. Emergency Management	HBRC Emergency Management		The significant driver of the overspend in this area is the HBRC staff time spent on the COVID-19, drought and Napier flood responses. This should be balanced by underspends in staff time on other HBRC projects.

4.8 Transport

Below are the non-financial and financial reporting (operating only) for the two activities within the Transport Group of Activities (GOA):

Group of Activity	Activity	NF Status	Comments
7. Transport	Passenger Transport		Patronage is not increasing as hoped with the low fares, although now back to pre-lockdown levels. The transport study indicated that bus services are probably not meeting the needs of the community.
7. Transport	Transport Planning and Road Safety		The Regional Land Transport Plan (RLTP) is being consulted on with hearings due to be held 12 March. The Regional Public Transport Plan (RPTP) requires updating as a consequence of the new RLTP and work will commence on that soon.

Group of Activity	Activity	F Status	Comments
7. Transport	Passenger Transport		Bus patronage is getting back to pre lockdown levels, however, the flat fare low cost bus fare structure is resulting in reduced fare revenue.
7. Transport	Transport Planning and Road Safety		Not all income streams have been received, including NZTA claims and contributions by other councils. We expect to be on budget by year end.

**HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE**

Wednesday 03 March 2021

Subject: DISCUSSION OF MINOR MATTERS NOT ON THE AGENDA

Item 10

Reason for Report

1. This document has been prepared to assist Committee members note the Minor Items Not on the Agenda to be discussed as determined earlier in Agenda Item 5.

Item	Topic	Raised by
1.		
2.		
3.		

**HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE**

Wednesday 03 March 2021

Subject: HBRIC LTD QUARTERLY UPDATE (TO 31 DECEMBER 2020)

That Hawke's Bay Regional Council excludes the public from this section of the meeting, being Agenda Item 11 HBRIC Ltd Quarterly Update (to 31 December 2020) with the general subject of the item to be considered while the public is excluded; the reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution being:

GENERAL SUBJECT OF THE ITEM TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION	FOUNDATIONS UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
HBRIC Ltd Quarterly Update (to 31 December 2020)	s7(2)(b)(ii) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of that information is necessary to protect information which otherwise would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

Authored by:

**Kishan Premadasa
MANAGEMENT ACCOUNTANT**

Approved by:

**Jessica Ellerm
GROUP MANAGER CORPORATE SERVICES**

Item 11

**HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE**

Wednesday 03 March 2021

Subject: HBRIC LTD DRAFT 2021-22 STATEMENT OF INTENT

That Hawke's Bay Regional Council excludes the public from this section of the meeting, being Agenda Item 12 HBRIC Ltd Draft 2021-22 Statement of Intent with the general subject of the item to be considered while the public is excluded; the reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution being:

GENERAL SUBJECT OF THE ITEM TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION	FOUNDATIONS UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
HBRIC Ltd Draft 2021-22 Statement of Intent	s7(2)(h) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to enable the local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

Authored by:

**Kishan Premadasa
MANAGEMENT ACCOUNTANT**

Approved by:

**Jessica Ellerm
GROUP MANAGER CORPORATE SERVICES**

Item 12

**HAWKE'S BAY REGIONAL COUNCIL
CORPORATE AND STRATEGIC COMMITTEE**

Wednesday 03 March 2021

Subject: WELLINGTON LEASEHOLD PROPERTY OFFER

That Council excludes the public from this section of the meeting, being Agenda Item 13 Wellington Leasehold Property Offer with the general subject of the item to be considered while the public is excluded; the reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution being:

GENERAL SUBJECT OF THE ITEM TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION	FOUNDATIONS UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
Wellington Leasehold Property Offer	s7(2)(i) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to enable the local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

Authored by:

Geoff Howes
TREASURY & FUNDING ACCOUNTANT

Bronda Smith
CHIEF FINANCIAL OFFICER

Approved by:

Jessica Ellerm
GROUP MANAGER CORPORATE SERVICES